

2004 Governance Review

Review of the Policy Advisory Board

Executive Summary

This report presents the findings of the Chairman's review of the Policy Advisory Board's (PAB) operation and structure, and provides a summary of the discussions with PAB members. It has been presented to the Nominet board and incorporates its final amendments to the recommendations.

The report concludes that the PAB is generally operating well, but makes some recommendations for improvement. In particular it makes some recommendations on the relationship between the PAB and the board.

The PAB is asked to consider the findings and recommendations. The PAB may wish to adopt immediately those it thinks fit and that are within its power, or to pass the appropriate resolutions to the board.

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1. Introduction and Methodology

In response to member comments and as part of the overall governance review, the chairman felt that it was important to gain from its members a better understanding of the PAB's operation and structure.

This review was undertaken by means of one-one interviews with 14¹ PAB members carried out on the basis of a questionnaire (Appendix A). The questions were used to open up discussion on individual topics and not meant to be a statistical poll of "yes" versus "no". If respondents gave a simple response, further views and reasons were requested during the discussions, each of which lasted around 1-2 hours. The discussions proved to be much more wide-ranging than simply answering the questions.

Anonymity was promised and all responses were merged without attribution for the final analysis. They were summarised and are written up in section 2 below. The responses to some questions and the wide-ranging discussions caused some overlap and adjustments among the sections were made.

The questions aimed to address four main topics (the first being the primary one):

- Views on how well they, their colleagues and the PAB as a whole were doing?
- Views on the PAB chairmanship
- Views on the relationship between the PAB and the board
- Views on Nominet's governance in general

2. Summary of Findings

2.1 How well has the PAB and its members been doing?

2.1.1 Overall PAB performance

Overall the PAB is performing well according to almost all of the members interviewed. Everyone was generally pleased although they made several criticisms. Positive remarks included: "Compares well to own board meetings", "Appears effective and goals are being achieved", "Has seen some very good policies through and excited about the introduction of the WGs".

On the critical side there was concern about too much "navel-gazing", but this may just be reflecting a particular historical period in the PAB's life. More "meaty" discussions and more concentration on policy rather than procedure, operations or strategy are requested. It was pointed out that no discussion of Nominet's policies in the wider Internet governance context had been discussed (although there was no criticism of the actual policies as far as they were known).

2.1.2 Individual performances

Everyone felt that they were able to participate if they really needed to and were honest about their self-appraisal. Some felt reluctant to get into detailed debates with a few dominant participants.

Comments were made that the board representatives often dominated the discussion, admittedly because of their wider knowledge, which was also, paradoxically, found most useful. Some felt that they were simply "rubber-stamping" what the board had already decided.

2.1.3 Representativeness

It was noted that the elected members mostly come from smaller businesses but that representation was widened by the presence of the appointed members. There was a suggestion that an appointee from the law-enforcement sector should be considered. No suggestions were made to change the current balance of elected and appointed members.

¹ Jeremy Beale and Brian White were not interviewed specifically on this topic. More general discussions about Nominet's governance and performance have been conducted with both individuals and their feedback incorporated. Neither of the board appointees was involved.

But representation is distinct from the members' ability to reflect the views of the wider stakeholder community. PAB members, both appointed and elected, expressed the belief that they did reflect the views of that wider community, often putting their own personal and business interests aside. But, some respondents wondered if they really knew whether they were being successful at this or not and there was a desire for more feedback. A suggestion was made for more referenda, although how this might be achieved among the wider community was recognized as problematic. One asserted that the comparative paucity of responses to consultations suggest that the majority "out there" feel that Nominet is doing its job well.

2.1.4 Elected members on the appointed members and *vice versa*

The elected members expressed a general appreciation for the appointed members, although they felt that they had mostly a lower profile in the discussions. It was considered important to have them on the PAB, as it was a good governance principle for Nominet to bring the non-industry stakeholders into the debate. The appointees, particularly those from government departments or agencies, pointed out that, of necessity, they had limited mandates in what they could say. They nevertheless found it very valuable to be part of the policy-making process and were concerned that their silence might be inferred as lack of interest.

The appointed members held the elected members in a very good light appreciating their genuine interest in taking into account the interests of the wider stakeholder community. They also liked the good mix of skills and their detailed knowledge of the technical side of Nominet's business. Some questioned whether everyone was taking enough time to do sufficient preparation in advance of the meetings, allowing the debates to be dominated by a few individuals. But it was understood that some members understandably were very busy with their own businesses.

2.1.5 Suggested improvements

The most common suggestion for improvement was for some form of induction course. PAB members, especially new elected members and the majority of appointees, felt that they needed to know more of the operational and strategic background to the company in order to place their policy-making role into context. The appointed members, in particular, do not often know how the mechanics of the DNS work, although they are clearly aware of the social and business implications of domain names as a means of using the Internet. It was suggested that the induction needs to be differently oriented for elected members as opposed to appointed ones and that these could perhaps be done on the afternoon following a PAB meeting at the meeting venue in London rather than in the Nominet offices since time is important to all members. One respondent ventured that a biannual induction course should be mandatory for all PAB members. It was suggested that name badges or place name cards on the table would help newcomers get to know others better. An induction "pack" for members might also be helpful.

The next main group of suggestions concerned the quality of the papers. The current lead time of two weeks was considered important, particularly for the appointed members, but the papers need to cut down on "jargon", not require too much "insider" knowledge but clearly focus on the policy aspects and the policy decision being asked of the committee. It was suggested that better secretarial support would help here, in particular, to assist the chairs of the Working Groups to prepare their findings and recommendations in the best way for the full committee. When papers are presented to the main meeting, the presenter (executive staff or WG rapporteur) should assume the papers have been read in advance and not waste time by repeating it all again verbally, leaving the bulk of the meeting to a discussion or questions.

Lastly, the chair and secretariat are urged to continue to work on the agenda planning, in particular to make it clear on the agenda what the item is about and what is required of the members. Clear, concise executive summaries on all papers would assist here too.

2.2 Views on the chairmanship

Both chairmen who were in post during the survey were congratulated on doing well, keeping the balance and making the whole atmosphere "open, relaxed and welcoming".

The chairman is encouraged to continue to work on planning the agenda, to chase up progress outside the meetings, to summarise the discussions clearly and perhaps to take a stronger role in formulating the resolutions at each meeting.

There was an almost unanimous view that the PAB had no need for a more “statesman-like”, pre-eminent public figure or titled chairman. It was considered more important that the chairman has independence and competence at planning and managing the discussions.

At this stage of Nominet’s life the view is that the PAB should continue to elect its own chairman, but the role should have its tenure limited to no more than 4 years. Succession planning is important. It was considered difficult for an appointed member to become the PAB chair and this may practically limit the field to the elected members.

2.3 Views on the relationship between the PAB and the Board

The PAB members felt that the formal exchange of documents had improved matters a lot, but would have liked perhaps some advance warning of topics about to come from the CoM before receiving the “final” papers. In other words, they would appreciate some pre-discussion on the PAB side in some cases.

However, most of the comments dealt with the presence and participation of the two CoM members on the PAB. Most liked the additional background and knowledge which non-executives (and also executive directors) bring to their discussions, but a significant number believed and were concerned that it had on occasions stifled the independence of the PAB in reaching its own conclusion. The general opinion was that the non-executive members on the PAB should be there to advise and not participate in the full debate and decision making of the PAB.

On the question as to how many CoM members should be present, some were happy with two (to avoid the possibility of only one viewpoint being expressed) but others would have preferred only one representative from the CoM to be at all of their meetings.

Almost all respondents felt that the PAB should not really have to vote at all. If the discussion lacks consensus, then probably a vote does not help and appropriate minutes of the different views should be sufficient for the PAB to give its advice to the CoM. The independence of the PAB is seen as very important to a lot of members. With this background, the majority felt that the CoM members should not have a vote.

PAB members felt that they only really got to know the non-executives who attended and would like this to be remedied. A significant number would have liked more variety in which non-executives attended. There was not a strong alignment on the desired frequency of change of attending non-executives. It ranged from every meeting (to avoid dominance) to once per year (to help with continuity).

There was an almost unanimous support for one or more of the Executive directors (including the directors of...) attending meetings of the PAB “as and when needed”. The actual attendees would clearly depend on the agenda topics.

Although it was felt that its chairman could be a better means of representing the PAB’s views neutrally on the CoM as an *ex officio* board member, when the ramifications of actually doing this, or even having their chair simply “in attendance”, almost all PAB members felt that this should be rejected as raising difficult legal and independence issues. The formal exchange of papers and advisory attendance at PAB meeting by some board members is considered sufficient.

2.4 Views on Nominet governance in general

A miscellaneous “catch all” question on Nominet governance issues allowed PAB members to express their views on a wide range of ideas.

The most common point raised, perhaps because it was being debated at the time of the interviews, was the board voting process. There was strong support from all who commented for a continuation of a democratic election of non-executive directors by the whole membership. Some preferred a reduction in the 10% cap to somewhere between 1% and 5%, but one felt that, since all of the members with large voting rights were in strong competition with each other, the current 10% cap posed no particular danger. PAB members indicated that they would accept also appointed members of the board provided these did not outnumber the elected ones.

Tenure for board members was the next most spoken about, with all who addressed this topic supporting a limit of no more than 6 years. One suggested that this limit also apply to PAB members too.

Some respondents felt that membership and tag holder fees should be increased more realistically to “several hundred” pounds and wanted to keep the registration discount for members only. One spoke in support of a two-level membership structure.

One member queried why the joint board-PAB strategy meetings had been dropped and would like more joint meetings. One respondent would be concerned if PAB members or its chair were to be paid, but at least one other would like payments to encourage better candidates.

2.5 Previous conclusions from board strategy discussions

At its April meeting, the board reviewed the relationship between the PAB and the board and agreed a few points of principle. These are included here for consideration in the light of the findings from the PAB interviews.

- To ask PAB if CoM members should vote or not.
- To retain two CoM representatives.
- No need for statesmanlike chair.
- PAB will appoint its own chair from its membership.
- That the PAB chair be paid (£6,000 per annum).

3. Summary of Recommendations

The recommendations are split into two major groups. The first group of recommendations are essentially operational and should generate little dissent.

1. The Executive is asked to improve the PAB induction mechanism with a view to making it more timely and effective, particularly considering the differing needs of elected and appointed members.
2. The PAB secretariat and chairman are asked to develop a means of enabling the PAB members to get to know each other better and, in particular, to use place “name and affiliation” cards at meetings.
3. All submitters of papers should consider carefully the style of their submissions, focussing more clearly on policy issues and resisting the temptation to use “jargon”. Each paper should make it clear what decision is required of the PAB: discussion, feedback or approval. The paper should contain the draft text of whatever resolution(s) is required. The secretariat is urged to assist in this.
4. Suitable training should be offered to the PAB chairman.
5. The PAB chairman is encouraged to continue good agenda planning, particularly so that the members are clear on what is required of each item and what preparation might be required of them.

The second group are more strategic in nature and some may require changes to the published PAB Rules.

6. PAB members should continue to elect their own chair.
7. The PAB should be asked to recommend limitations (if any) on the tenure of its chair and of its elected members

8. The PAB is asked to note that the board has decided that the PAB chair will be paid.
9. The PAB is asked to note that the board accepts that changes in arrangements for board attendees/members and their rights to vote/not vote are required, but requires further discussion on the specific details on how this should be realised constitutionally. Changes will be incorporated in a future revision of the PAB Rules.
10. Until now the PAB has had 2 non-executive directors sitting on it as full PAB members. In order to help with recommendation 9 above, the PAB is asked to consider if this is still appropriate and recommend whether non-executives should be:
 - a) Full voting members of the PAB, who are free to use their votes when they feel appropriate.
 - b) Non-voting members, who are free to participate in debate but cannot vote.
 - c) Non-members, but in attendance
 - i) at all meetings in order that the PAB can consult them, or
 - ii) when requested (similarly to staff participation).
 - d) Not there at all, with PAB/CoM communication dealt with solely by the Executive team.
11. The PAB is asked to note that the board will consider carefully the other governance issues raised by the PAB members as part of its overall governance review.

Appendix A

Questions used to guide discussions with PAB members

How has the PAB done over the last year?

Does it accurately reflect the views of the wider stakeholder community?

Do the appointed reps do their job well?

Do the elected members do their job well?

Could we improve the performance of either group?

How have you performed? Do you only feel able to participate in certain areas?

How has the chairman performed?

Do we need a more “statesman-like” chairman [i.e. a titled figure]?

What are your views on the CoM-PAB relationship?

Do you think that 2 CoM members (non-execs) should be present at all meetings?

Do you think that the CoM members should have a vote?

Do you think that the CoM members should change more frequently?

Do you think that any executives (directors or staff) should be present at all meetings?

Do you think that the PAB chair should be *ex officio* on the CoM?

Do you have any other views on Nominet’s governance?